CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2017

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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LaFollett and Abbott PLLC
Certified Public Accountants

Susan LaFollett, CPA – Partner
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INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Haslet, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension information on pages 3–8 and 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 41-46 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas, as of September 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LaPlett and Abbott PLLC

Tom Bean, Texas
March 19, 2018

CITY OF HASLET, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

As management of the City of Haslet, Texas (the "City"), we offer readers of the City of Haslet's financial statements this narrative overview and analysis of the financial activities of the City of Haslet, Texas for the year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements [beginning on page 9].

FINANCIAL HIGHLIGHTS

- Total net position for the City of Haslet at the close of FY17 is $24,250,543 [page 9]. Unrestricted net position at the close of FY17 is $5,319,290 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $237,372 (1%) during fiscal year 2017.
- The City's governmental funds reported combined ending fund balances of $6,090,450 [page 11]. The fund balances increased by $219,901 (3.75%) [page 13]. $1,966,488 [page 11] is unassigned and available for spending at the City's discretion. The General Fund's unassigned fund balance of $1,966,488 [page 11] is equivalent to 60.5% ($1,966,488 / $3,249,884) of total 2017 General Fund expenditures [page 13], compared to 79% in 2016.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities [pages 9 and 10]. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements [starting on page 11] report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State.

The notes to the financial statements [page 18] provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operation [pages 9 and 10]. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position [page 9] includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities [page 10] includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and The Statement of Activities report two kinds of activities, as well as one component unit:

Governmental Type Activities – City services such as police, fire protection, municipal court, parks, street maintenance, and city administration are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses a proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Unit – The Haslet Economic Development Corporation (Type B) is reported in a separate column since it meets the requirements for discrete presentation in the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements [pages 11-17] provide detailed information about each City fund. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules [pages 12 and 14].

Proprietary Funds – The City uses one proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds.

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 6,860,440	$ 2,663,181	$ 9,523,621	$ 6,629,843	$ 5,591,071	$ 12,220,914
Capital assets, net	12,900,756	11,640,847	24,541,603	11,952,625	9,076,638	21,029,263
Total Assets	19,761,196	14,304,027	34,065,223	18,582,468	14,667,709	33,250,177
Deferred Outflows of Resources	156,451	13,203	169,654	181,020	38,573	219,593
Other liabilities	620,522	262,090	882,612	2,384,636	5,948,547	8,333,183
Long-term liabilities	3,296,630	5,695,352	8,991,982	678,237	288,712	966,949
Total Liabilities	3,917,152	5,957,442	9,874,594	3,062,873	6,237,259	9,300,132
Deferred Inflows of Resources	109,740	-	109,740	132,522	23,945	23,945
Net Position:						
Net investment in capital assets	9,629,014	5,955,461	15,584,475	10,190,721	7,043,381	17,234,102
Restricted	3,346,778	-	3,346,778	752,208	-	752,208
Unrestricted	2,914,963	2,404,327	5,319,290	4,625,164	1,401,697	6,026,861
Total Net Position	$ 15,890,755	$ 8,359,788	$24,250,543	$ 15,568,093	$ 8,445,078	$ 24,013,171

	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 477,230	$ 1,943,971	$ 2,421,201	$ 518,354	$ 1,619,839	$ 2,138,193
Operating grants and contributions	3,905	-	3,905	108,750	-	108,750
Capital grants and contributions	326,451	81,252	407,703	40,250	215,646	255,896
General revenues:						
Property taxes	1,627,391	-	1,627,391	1,543,268	-	1,543,268
Sales taxes	1,690,855	-	1,690,855	1,748,831	-	1,748,831
Franchise tax	265,407	-	265,407	256,732	-	256,732
Unrestricted investment earnings	47,264	26,824	74,088	17,680	16,050	33,730
Miscellaneous revenue (expense)	281,252	72,564	353,816	23,180	14,941	38,121
Total Revenues	4,719,755	2,124,610	6,844,365	4,257,045	1,866,476	6,123,521
Expenses						
General governement	512,435	-	512,435	581,415	-	581,415
Streets and parks	869,443	-	869,443	1,192,827	-	1,192,827
Court	124,456	-	124,456	109,199	-	109,199
Library	255,595	-	255,595	250,683	-	250,683
Public safety	1,346,062	-	1,346,062	1,062,700	-	1,062,700
Finance and planning	476,887	-	476,887	266,925	-	266,925
Economic development	111,699	-	111,699	150,616	-	150,616
Public works	364,292	-	364,292	257,718	-	257,718
Nondepartmental	109,827	-	109,827	139,773	-	139,773
Interest on long-term debt	130,307	-	130,307	93,959	-	93,959
Water and sewer operations	-	2,305,988	2,305,988	1,083	2,141,412	2,142,495
Total Expenses	4,301,004	2,305,988	6,606,993	4,106,898	2,141,412	6,248,310
Change in Net Position Before Transfers	418,751	(181,378)	237,372	150,147	(274,936)	(124,789)
Transfers	(96,089)	96,089	-	(120,688)	120,688	-
Total	(96,089)	96,089	-	(120,688)	120,688	-
Change in Net Position	322,662	(85,289)	237,372	29,459	(154,248)	(124,789)
Beginning Net Position	15,568,093	8,445,078	24,013,171	15,538,634	8,599,326	24,137,960
Ending Net Position	$ 15,890,755	$ 8,359,789	$24,250,543	$ 15,568,093	$ 8,445,078	$24,013,171

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled $24,250,845 at the close of FY17. Net assets increased $237,372 (1%) during fiscal year 2017.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by $707,571 (11.7%) during 2017.

Fifty-seven percent (57%) ($15,584,475/ $24,250,543)[page 9]) of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As the City completed the year 2017, its governmental funds, as presented in the balance sheet [page 11], reported a combined fund balance of $6,090,450 [page 11] compared to $5,870,549 [page 13] in FY16. This represents an increase of $219,901 [page 13]. Approximately 32% ($1,966,488 / $6,090,450) of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted or committed as further explained in the notes to the financial statements which begin on page 18.

The General Fund is the chief operating fund of the City. At the end of the current period, the unassigned fund balance of the General Fund totaled $1,966,488, while the total fund balance was $6,090,450. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures [page 11]. Unassigned fund balance represents 60.5% ($1,966,488 / $3,249,884) of total FY17 General Fund expenditures.

Revenues for the City's General Fund were $3,222,479 [page 13], while total expenditures were $3,249,884 [page 13]. The General Fund had a net decrease in fund balance of ($333,987) due to $313,472 of transfers out to the Capital Projects Fund and non-major funds.

Revenues for the City's proprietary fund were $2,043,358, while total expenses were $2,305,988. After including transfers in and capital contributions, total Water and Sewer Fund net position decreased by ($85,290). The decrease in net position for the prior year (2016) was ($154,248).

Other Analysis of the City's Funds

Budget versus Actual for the General Fund:

For the required supplemental information of budget versus actual report shown on page 37, the statement reflects a negative budget variance of ($31,954). One contributing factor was that actual General Fund fire department expenses were $116,761 more than the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2017 is $24,541,603, compared to $21,029,263 at September 30, 2016. This is a net increase in capital assets of $3,512,340 and mostly attributable to water/sewer system and fire truck construction in progress.

Long-term Debt

At September 30, 2017, the City had total bonded debt and contractual obligations outstanding of $8,611,000. This shows an increase of $661,000 from the prior year. A $1,192,000 Combination Tax and Revenue Certificate of Obligation was issued in the current fiscal year to pay for a new fire truck and professional services related to it. Principal payments on bonds and contractual obligations totaled $531,000 and all payments were made when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2017-2018 budget reflects the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effect programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting. Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are expected to increase by 7.46% and sales taxes are budgeted to decrease by 8.93%. The decrease in sales tax is due to less equipment being purchased by commercial and industrial businesses in Haslet. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations.

Each year, a major objective of the budget process is to focus on identifying cost-savings measures and to cut expenses however possible. Every request is reviewed with the City Administrator and Finance Director. The non-recurring requests are transferred to a Capital Projects Fund, which is funded by General Fund excess revenues over expenditures at year-end. Overall expenditures are expected to increase by 6.15% due to the funding of several street projects. A new pay plan will be implemented and a four percent merit increase is proposed for City employees.

The Water/Wastewater Fund budget anticipates an increase in expenditures of approximately 11.92%. The budget includes an additional $100,000 to fund capital projects. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. No water or sewer rate increases are proposed in the 2017-18 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

BASIC FINANCIAL STATEMENTS

City of Haslet, Texas

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	EDC B
Assets				
Cash and investments	$ 6,253,594	$ 1,221,470	$ 7,475,064	$ 2,586,619
Receivables (net of allowances)				
Taxes	167,443	-	167,443	-
Accounts	1,034	303,870	304,904	-
Miscellaneous	215,879	-	215,879	-
Intergovernmental	216,174	516	216,690	75,970
Inventories	-	10,987	10,987	959,789
Prepaid items	6,316	-	6,316	-
Restricted assets:				
Cash and cash equivalents	-	1,126,338	1,126,338	-
Capital assets (net of acc. depreciation)				
Non-depreciable	4,715,078	3,777,705	8,492,783	-
Net depreciable capital assets	8,185,678	7,863,142	16,048,820	-
Total Assets	19,761,196	14,304,027	34,065,223	3,622,377
Deferred Outflows of Resources				
Deferred pension plan expense	156,451	13,203	169,654	1,456
Total Deferred Outflows of Resources	156,451	13,203	169,654	1,456
Liabilities				
Current liabilities:				
Accounts payable	156,815	137,776	294,591	1,092
Accrued liabilties	260,056	39,913	299,969	762
Due to other governments	201,128	-	201,128	-
Customer deposits	-	84,401	84,401	2,250
Interest payable	2,523	-	2,523	-
Noncurrent liabilities:				-
Due within one year	347,867	277,601	625,468	-
Due in more than one year	2,948,763	5,417,751	8,366,514	125
Total Liabilties	3,917,152	5,957,442	9,874,594	4,229
Deferred Inflows of Resources				
Unearned revenue	15,250	-	15,250	-
Deferred pension plan income	94,490	-	94,490	-
Total Deferred Inflows of Resources	109,740	-	109,740	-
Net Position				
Net investment in Capital Assets	9,629,014	5,955,461	15,584,475	-
Restricted for:				
Debt Service	156,719	-	156,719	-
Capital Projects	3,152,257	-	3,152,257	-
Court	37,803	-	37,803	-
Unrestricted	2,914,963	2,404,327	5,319,290	3,619,604
Total Net Position	$ 15,890,755	$ 8,359,788	$ 24,250,543	$ 3,619,604

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Comp. Unit: Economic Development Corp. (Type B)
Governmental activities:								
General government	$ 512,435	$ 132,950	$ 205	$ -	$ (379,280)	$ -	$ (379,280)	
Streets and parks	869,443	9,000	-	326,451	(533,992)	-	(533,992)	
Court	124,456	335,280	-	-	210,823	-	210,823	
Library	255,595	-	3,700	-	(251,895)	-	(251,895)	
Public Safety	1,346,062	-	-	-	(1,346,062)	-	(1,346,062)	
Finance and planning	476,887	-	-	-	(476,887)	-	(476,887)	
Economic development	111,699	-	-	-	(111,699)	-	(111,699)	
Public works	364,292	-	-	-	(364,292)	-	(364,292)	
Nondepartmental	109,827	-	-	-	(109,827)	-	(109,827)	
Interest on long-term debt	130,307	-	-	-	(130,307)	-	(130,307)	
Total governmental activities	4,301,004	477,230	3,905	326,451	(3,493,418)	-	(3,493,418)	
Business-type activities:								
Water and Sewer	2,305,988	1,943,971	-	81,252	-	(280,766)	(280,766)	
Total Business-type Activities	2,305,988	1,943,971	-	81,252	-	(280,766)	(280,766)	
Total primary government	6,606,992	2,421,201	3,905	407,702	(3,493,418)	(280,766)	(3,774,184)	
Component unit:								
Economic Development Corporation	138,739	-	-	-				$ (138,739)
Total component unit	$ 138,739	$ -	$ -	$ -				(138,739)
		General Revenues and Transfers:						
		Property taxes			1,627,391	-	1,627,391	-
		Sales taxes			1,690,855	-	1,690,855	563,312
		Franchise taxes			265,407	-	265,407	-
		Unrestricted investment earnings			47,264	26,824	74,088	17,173
		Other revenue			281,252	72,564	353,816	41,920
		Transfers			(96,089)	96,089	-	-
		Total General Revenues and Transfers			3,816,080	195,476	4,011,556	622,405
		Change in Net Position			322,662	(85,289)	237,372	483,666
		Net Position - Beginning			15,568,093	8,445,078	24,013,171	3,135,938
		Net Position - Ending			$ 15,890,755	$ 8,359,789	$ 24,250,543	$ 3,619,604

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2017

	General Fund	Haslet Econ. Develop. Corp. (Type A)	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 2,202,592	$ 2,841,874	$ 67,371	$ 1,141,757	$ 6,253,594
Receivables:					
Taxes	105,432	-	-	62,011	167,443
Accounts	1,034	-	-	-	1,034
Miscellaneous	215,879	-	-	-	215,879
Intergovernmental	178,190	37,985	-	-	216,174
Prepaid items	6,316	-	-	-	6,316
Total Assets	$ 2,709,442	$ 2,879,859	$ 67,371	$ 1,203,768	$ 6,860,440
Liabilities					
Accounts payable	$ 147,213	$ 1,134	$ -	$ 8,469	$ 156,815
Accrued liabilities	259,294	762	-	-	260,056
Due to other governments	201,128	-	-	-	201,128
Total Liabilities	607,635	1,896	-	8,469	617,999
Deferred Inflows of Resources					
Deferred revenue	129,004	-	-	22,987	151,991
Total Deferred Inflows of Resources	129,004	-	-	22,987	151,991
Fund Balances					
Nonspendable	6,316	-	-	-	6,316
Restricted	-	2,877,963	-	468,816	3,346,779
Committed	-	-	67,371	703,497	770,868
Unassigned	1,966,488	-	-	-	1,966,488
Total Fund Balances	1,972,803	2,877,963	67,371	1,172,313	6,090,450
Total Liabilities, Deferred Inflows, and Fund Balances	$ 2,709,442	$ 2,879,859	$ 67,371	$ 1,203,768	$ 6,860,440

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2017

Total fund balances - governmental funds balance sheet	$	6,090,450
Amounts reported for governmental acitivities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		12,900,756
Property taxes receivable and court fines unavailable to pay for current period expenditures are deferred in the funds.		136,741
Payables for bond principal which are not due in the current period are not reported in the funds.		(3,211,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(2,523)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(56,311)
Deferred bond refunding losses are not reported in the funds.		172,504
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.		(5,302)
Deferred resource inflows related to the pension plan are not reported in the funds.		156,451
Deferred resource outflows related to the pension plan are not reported in the funds.		(94,490)
Unamortized bond premiums/discounts are not recognized in the funds.		(196,521)
Net Position of Governmental Activities	$	15,890,755

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

	General Fund	Haslet Econ. Develop. Corp. (Type A)	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property tax, penalties, and interest	$ 1,161,071	$ -	$ -	$ 396,126	$ 1,557,197
Franchise tax	265,407	-	-	-	265,407
Sales tax	1,127,543	281,656	-	281,656	1,690,855
Licenses and permits	132,950	-	-	-	132,950
Park development fees	-	-	-	9,000	9,000
Fines	314,703	-	-	17,616	332,319
Contributions	205	-	-	3,700	3,905
Gas royalties	46,897	-	-	-	46,897
Interest	18,204	19,603	608	8,849	47,264
Miscellaneous	155,500	-		78,855	234,355
Total Revenues	3,222,479	301,259	608	795,802	4,320,148
Expenditures					
Current:					
Administration	276,384	-	-	-	276,384
City secretary	151,958	-	-	-	151,958
Fire	590,612	-	-	-	590,612
Streets	94,108	-	2,214	7,756	104,078
Parks	169,603	-	-	94,760	264,364
Court	115,043	-	-	10,011	125,054
Library	247,316	-	-	7,070	254,386
Nondepartmental	109,827	-	-	-	109,827
Public safety	629,940	-	-	-	629,940
Finance	157,297	-	-	-	157,297
Planning	318,636	-	-	-	318,636
Economic development	63,462	46,866	-	-	110,328
Public works	325,698	-	-	-	325,698
Capital outlay	-	-	1,359,579	-	1,359,579
Debt service:					
Principal	-	-	-	286,000	286,000
Interest	-	-	-	96,219	96,219
Total Expenditures	3,249,884	46,866	1,361,793	501,817	5,160,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,405)	254,393	(1,361,185)	293,985	(840,212)
Other Financing Sources (Uses)					
Transfers in	6,890	-	249,996	63,476	320,362
Transfers out	(313,472)	(41,889)	(25,100)	(35,989)	(416,450)
Proceeds of bond issues	-	-	1,192,000	-	1,192,000
Bond issue costs	-	-	(35,799)	-	(35,799)
Total Other Financing Sources (Uses)	(306,582)	(41,889)	1,381,097	27,487	1,060,112
Net Change in Fund Balances	(333,987)	212,503	19,912	321,472	219,901
Fund Balances, October 1	2,306,790	2,665,460	47,458	850,841	5,870,549
Fund Balances, September 30	$ 1,972,803	$ 2,877,963	$ 67,370	$ 1,172,313	$ 6,090,450

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds	$	219,901
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expesnes in the SOA.		1,359,579
The depreciation of capital assets used in governmental activities is not reported in the funds.		(737,899)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		73,155
Repayment of bond prinicpal is an expenditure in the funds but is not an expense in the SOA.		286,000
(Increase) decrease in accrued interest from beginning of period to end of period.		1,713
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(22,264)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(1,192,000)
Capital contributions are not reported in the funds but are in the SOA.		326,450
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		8,027
Change in Net Position of Governmental Activities	$	322,662

The accompaying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
September 30, 2017

	Water & Sewer Fund
Assets	
Current Assets	
Cash and investments	$ 1,221,470
Receivables (net of allowances for uncollectible):	
Accounts	303,870
Intergovernmental	516
Inventories	10,987
Total Current Assets	1,536,843
Noncurrent Assets	
Restricted cash and cash equivalents	1,126,338
Capital assets:	
Non-depreciable	3,777,705
Net depreciable capital assets	7,863,142
Total Noncurrent Assets	12,767,185
Total Assets	14,304,027
Deferred Outflows of Resources	
Deferred pension plan expense	13,203
Total Deferred Outflows of Resources	13,203
Liabilities	
Current Liabilities	
Accounts payable	137,776
Accrued liabilties	39,913
Customer deposits	84,401
Current portions of long-term debt	277,601
Total Current Liabilities	539,691
Noncurrent Liabilities	
Bonds and certificates of obligation payable (net)	5,416,621
Net pension liability	1,130
Total Noncurrent Liabilities	5,417,751
Total Liabilities	5,957,442
Net Position	
Invested in capital assets, net of related debt	5,955,461
Unrestricted	2,404,327
Total Net Position	$ 8,359,788

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ENTERPRISE FUND
For the Year Ended September 30, 2017

Operating Revenues	
Water service	$ 1,479,092
Sewer service	337,787
Tap connection fees	5,717
Penalties and interest	11,681
Garbage franchise tax	109,694
Total Operating Revenues	1,943,971
Operating Expenses	
Adminstration	192,271
Operating	1,496,293
Shared public works expense	156,721
Depreciation	300,313
Total Operating Expenses	2,145,598
Operating Income (Loss)	(201,627)
Nonoperating Revenues (Expenses)	
Interest income	26,824
Miscellaneous income	72,563
Interest expense	(160,390)
Total Nonoperating Revenues (Expenses)	(61,003)
Income (Loss) Before Transfers and Capital Contributions	(262,630)
Transfers in	96,089
Capital contributions	81,252
Change in Net Position	(85,290)
Net Position - Beginning	8,445,078
Net Position - Ending	$ 8,359,788

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended September 30, 2017

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,855,810
Cash Payments to Suppliers for Goods and Services	(1,534,734)
Cash Payments to Employees for Services	(348,992)
Net Cash Provided (Used) by Operating Activities	(27,916)
Cash Flows from Non-capital and Related Financing Activities:	
Payments from other sources	72,563
Payments from other funds	96,089
Net Cash Provided (Used) for Capital & Related Financing Activities	168,652
Cash Flows from Capital and Related Financing Activities	
Principal and Interest Paid	(414,655)
Acquisition or Construction of Capital Assets	(2,780,873)
Net cash provided (used) by non-capital and related financing activities	(3,195,528)
Cash Flows from Investing Activities:	
Interest on Investments	26,824
Net Cash Provided (Used) for Investing Activities	26,824
Net Increase (decrease) in Cash and Cash Equivalents	(3,027,969)
Cash and Cash Equivalents at Beginning of Year	
Unrestricted cash and investments	1,502,294
Restricted cash	3,873,483
	5,375,777
Cash and Cash Equivalents at End of Year	
Unrestricted cash and investments	1,221,470
Restricted cash	1,126,338
	2,347,808
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(201,627)
Depreciation and amortization	300,313
Change in Assets and Liabilties:	
Decrease (Increase) in Receivables	(100,034)
Increase (Decrease) in Accounts Payable	(38,441)
Increase (Decrease) in Other Accruals	3,189
Increase (Decrease) in Accrued Liabilties	(54)
Increase (Decrease) Customer Deposits	11,873
Increase (Decrease) in Net Pension Liability	(3,135)
Total Adjustments	173,711
Net Cash Provided (Used) by Operating Activities	$ (27,916)
Noncash investing, capital, and financing activities:	
Contributions of capital assets	$ 81,252

The accompanying notes are an integral part of this statement.

I. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet (City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28, Texas revised civil statues of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type B benefit parties external to the City. Type B may not issue debt without approval of the City

Council. The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net position of Type B. Type B does not issue separate financial statements.

C. Basis of presentation – government-wide

While separate government-wide and fund financial statements are presented, they ae interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- Haslet Economic and Community Development Corp. Fund (Type A) – accounts for use of sales tax revenue for business incentives.

Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus, basis of accounting, and basis of presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general

revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. This fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Budgetary information, budget procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the Capital Projects Fund. The Capital Projects and CO Capital Projects Funds adopt project length budgets.

2. Between sixty and ninety days prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.

4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

5. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar ($1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortize cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for

uncollectibles. Ambulance receivables greater than 120 days represent the allowance for uncollectible accounts.

3. Property taxes

   The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to asses all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

   The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

   All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

   Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

   Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources is also reported for deferred pension expenses which are amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources is also reported for deferred pension inflows which are amortized over a five year period.

7. Compensated absences

Vacation

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. Liabilities for compensated absences are liquidated by the General Fund.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the Mayor.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classifications is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

12. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the City's financial institution deposits was $1,493,471 for both the primary government and discrete component unit and the bank balance was $1,811,064. All of the bank balance was secured by federal deposit insurance and collateral (fair value of $8,366,445) pledged by the depository in the City's name and held by the depository's agent. The City also had $1,300 of cash on hand at September 30, 2017.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2017.

	Carrying Amount	Fair Value	Rating Standard & Poors	Weighted Average Maturity
Primary Government				
Cash	$1,493,471			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	5,979,780	$5,979,780	AAAm	37 days
Restricted government sponsored investment pool (TexPool)	1,126,338	$1,126,338	AAAm	37 days
	$8,599,590			
Discrete Component Unit				
Cash	$ -			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	2,586,619	$2,586,619	AAAm	37 days
	$2,586,619			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

B. Receivables

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities				
	General	EDC Type A	Other Governmental Funds	Total	Business-Type Activities
Taxes	$105,432	$ -	$ 62,011	$167,443	$ -
Accounts	1,034	-	-	1,034	311,459
Miscellaneous	299,818	-	-	299,818	-
Intergovernmental	178,190	37,985	-	216,175	516
Allowance	(83,940)	-	-	(83,940)	(7,589)
	$500,534	$ 37,985	$ 62,011	$600,530	$ 304,386

Deferred Revenue/Unearned Revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental activities report unearned revenue. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	Deferred	Unearned
Major Funds		
Delinquent property taxes receivable (General Fund)	$101,427	$ -
Deferred fine revenue (General Fund)	12,877	-
Health Care Intiative (General Fund)	14,700	14,700
Nonmajor Funds		
Refundable deposits (Park Fund)	550	550
Delinquent property taxes receivable ('99 Interest & Sinking Fund)	22,437	-
Total deferred/unearned revenue for governmental funds/activities	$151,991	$ 15,250

C. Capital assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals $5,000 or more for assets acquired by governmental funds.
The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

Capital asset activity for the year ended September 30, 2017:

Primary Government:

Governmental Activities:	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 2,094,630	$ -	$ -	$ 2,094,630
Construction in progress	1,014,714	1,605,734	-	2,620,448
Total capital assets not being depreciated	3,109,344	1,605,734	-	4,715,078
Capital assets, being depreciated				
Buildings	3,321,513	42,030		3,363,543
Furniture, fixtures, tools, and equipment	663,052	38,266	-	701,318
Vehicles	1,770,139	-	-	1,770,139
Improvements other than buildings	1,381,334	-	-	1,381,334
Street and drainage improvements	11,855,901	-	-	11,855,901
Total capital assets being depreciated	18,991,939	80,296	-	19,072,235
Less accumulated depreciation	10,148,658	737,899	-	10,886,557
Total accumulated depreciation	10,148,658	737,899	-	10,886,557
Net capital assets being depreciated	8,843,281	(657,603)	-	8,185,678
Total Capital Assets	$ 11,952,625	$ 948,131	$ -	$ 12,900,756

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	$ 73,706
Fire	125,623
Streets	440,477
Parks and recreation	62,246
Public works	35,848
Total Governmental Activities Depreciation Expense	$ 737,899

Business-Type Activities	Beginning Balances	Increases	Decreases/ Reclasses	Ending Balances
Capital assets, not being depreciated				
Land	$ 20,142	$ -	$ -	$ 20,142
Construction in progress	925,937	2,831,626	-	3,757,563
Total capital assets not being depreciated	946,079	2,831,626	-	3,777,705
Capital assets, being depreciated				
Buildings and improvements	7,142	-	-	7,142
Equipment	341,584	32,896	-	374,480
Water and sewer system infrastructure	10,875,144	-	-	10,875,144
Total capital assets being depreciated	11,223,870	32,896	-	11,256,766
Less accumulated depreciation	3,093,311	300,312	-	3,393,623
Total accumulated depreciation	3,093,311	300,312	-	3,393,623
Net capital assets being depreciated	8,130,559	(267,416)	-	7,863,143
Total Capital Assets	$ 9,076,638	$2,564,210	$ -	$ 11,640,848

D. Interfund transfers

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

	Transfer out:				
Transfer in:	General	EDC Type A	Cap. Projects	Nonmajor	Total
General Fund	$ -	$ 6,890	$ -	$ -	$ 6,890
Capital Projects	249,996	-	-	-	249,996
Nonmajor	63,476	-	-	-	63,476
Water and Sewer	-	35,000	25,100	35,989	96,089
	$ 313,472	$ 41,890	$ 25,100	$ 35,989	$ 416,451

E. Long-term debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

Governmental Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2017
Certificate of Obligations	$1,192,000	2017	2031	2.02%	$ 1,121,000
General Obligation Bonds	$2,335,000	2016	2032	2-4%	$ 2,090,000
Total Governmental Activities Debt Issuances:					$ 3,211,000

Business-Type Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2017
Certificates of Obligation	$4,155,000	2015	2035	2.2-3%	$ 4,005,000
General Obligations Bonds	$1,560,000	2016	2032	2-4%	$ 1,395,000
Total Business-Type Activities Debt Issuances:					$ 5,400,000

During the year, the City issued Series 2016 Combination Tax and Revenue Certificate of Obligation to pay contractual obligation to be incurred from acquisition of a fire truck and professional services in connection therewith.

Annual debt service requirements to maturity for general debt:

Year	Principal	Interest	Total
2018	$ 290,000	$ 92,844	$ 382,844
2019	292,000	87,030	379,030
2020	178,000	78,976	256,976
2021	184,000	74,351	258,351
2022	186,000	69,556	255,556
2023-2027	1,008,000	270,868	1,278,868
2028-2032	1,073,000	106,798	1,179,798
Total	$3,211,000	$ 780,423	$3,991,423

Annual debt service requirements to maturity for business-type activities debt:

Year	Principal	Interest	Total
2018	$ 250,000	$ 163,755	$ 413,755
2019	255,000	157,705	412,705
2020	260,000	150,055	410,055
2021	270,000	142,255	412,255
2022	275,000	134,155	409,155
2023-2027	1,505,000	542,425	2,047,425
2028-2032	1,735,000	301,900	2,036,900
2033-2035	850,000	51,450	901,450
Total	$5,400,000	$1,643,700	$7,043,700

During the year ended September 30, 2017, the following changes occurred in liabilities reported as governmental debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Certificates of obligation	$ -	$ 1,192,000	$ (71,000)	$ 1,121,000	$ 70,000
General obligation bonds	2,305,000	-	(215,000)	2,090,000	220,000
	2,305,000	1,192,000	(286,000)	3,211,000	290,000
Bond premium	226,323	-	(13,722)	212,601	13,722
Bond discount	(17,117)	-	1,037	(16,080)	(1,037)
Deferred amount from refunding	(183,633)	-	11,129	(172,504)	(11,129)
Accrued compensated absences	34,047	22,264	-	56,311	56,311
Net pension liability	20,016	-	(14,714)	5,302	-
Total Governemental Activities	$ 2,384,636	$ 1,214,264	$ (302,270)	$ 3,296,630	$ 347,867

During the year ended September 30, 2017, the following changes occurred in liabilities reported as business-type debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Certificates of obligation	$ 4,105,000	$ -	$ (100,000)	$ 4,005,000	$ 105,000
General obligation bonds	1,540,000	-	(145,000)	1,395,000	145,000
	5,645,000	-	(245,000)	5,400,000	250,000
Bond premium	264,529	-	(15,290)	249,239	15,290
Bond discount	(11,436)	-	693	(10,743)	(693)
Deferred amount from refunding	36,460	-	(4,167)	32,293	4,167
Accrued compensated absences	9,729	-	(892)	8,837	8,837
Net pension liability	4,265	-	(3,135)	1,130	-
Total Business-Type Activities:	$ 5,948,547	$ -	$ (267,791)	$ 5,680,756	$ 277,601

III. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

IV. RETIREMENT COMMITMENTS

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is

an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state of statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

EMPLOYEES COVERED BY BENEFIT TERMS

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	18
Active employees	24
Total	48

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.17% and 8.8% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were $115,524 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75% net of pension plan investment Expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production on income, in order to satisfy the short-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation

and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Pet Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	$ 1,925,177	$ 1,900,426	$ 24,751
Changes for the year:			
Service Cost	200,128	-	200,128
Interest	135,844	-	135,844
Difference between expected and actual experience	(36,328)	-	(36,328)
Changes of assumptions	-	-	-
Contributions - employer	-	102,768	(102,768)
Contributions - employee	-	88,051	(88,051)
Net Investment income	-	128,549	(128,549)
Benefit payments, including refunds of emp. contributions	(25,460)	(25,460)	-
Adminstration expense	-	(1,451)	1,451
Other changes	-	(78)	78
Net Changes	274,184	292,379	(18,195)
Balance at 12/31/2016	$ 2,199,361	$ 2,192,805	$ 6,556

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$344,452	$6,556	($269,679)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.
For the year ended September 30, 2017, the City recognized pension expense of $101,676. At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	$ 81,332	$ -
Difference between expected and actual economic experience	-	94,490
Contributions subsequent to the measurement date	89,778	-
Total	$ 171,110	$ 94,490

$89,778 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2018	$(19,495)
2019	(6,030)
2020	16,953
2021	(4,586)
Thereafter	-
	$(13,158)

E. Tax Abatement Disclosures

On September 17, 2012, the City entered into twenty-five year property and sales tax abatement agreements (the Agreements) with Amazon.com kydc, LLC under Chapter 380 of the Texas Local Government Code. Under the terms of the Agreements, the City will make annual grant payments to Amazon.com kydc, LLC equal to the sum of the sales tax grant and the property tax grant. These grant amounts range from 33% to 75% of the Sales Tax and Property Grant Base amounts as defined by the Agreements. The City abated $774,284 for fiscal year 2017.

F. Subsequent Events

On October 26, 2017, the City issued $750,000 Combination Tax and Revenue Certificates of Obligation, Series 2017. The proceeds will be utilized for acquisition of a fire truck and professional services in connection therewith. The Series 2017 bond has an interest rate of 2.513%. The City's obligation to Classic Bank under the contract expires with the retirement of the obligation at the maturity date of September 15, 2032.

REQUIRED SUPPLEMENTARY INFORMATION

City of Haslet, Texas

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Property tax, penalties, and interest	$ 1,184,440	$ 1,173,588	$ 1,161,071	$ (12,517)
Franchise tax	241,300	256,802	265,407	8,605
Sales tax	996,718	1,181,042	1,127,543	(53,499)
Licenses and permits	88,770	124,724	132,950	8,226
Fines	322,914	304,600	314,703	10,103
Contributions	100	175	205	30
Gas royalties	72,000	48,210	46,897	(1,313)
Interest	6,500	17,084	18,204	1,120
Miscellaneous	143,290	149,261	155,500	6,239
Total Revenues	3,056,032	3,255,486	3,222,479	(33,007)
Expenditures				
Current:				
Administration	250,518	262,004	276,384	(14,380)
City secretary	169,618	165,314	151,958	13,356
Fire	439,423	473,851	590,612	(116,761)
Streets	113,318	113,318	94,108	19,210
Parks	194,076	195,076	169,603	25,473
Court	115,879	119,902	115,043	4,859
Library	261,939	261,939	247,316	14,623
Nondepartmental	97,347	98,434	109,827	(11,393)
Public safety	629,940	629,940	629,940	-
Finance	138,988	147,151	157,297	(10,146)
Planning	326,494	326,494	318,636	7,858
Economic development	64,646	67,620	63,462	4,158
Public works	234,236	326,311	325,698	613
Total Expenditures	3,036,422	3,187,354	3,249,884	(62,530)
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,610	68,132	(27,405)	(95,537)
Other Financing Sources (Uses)				
Transfers in	6,890	6,890	6,890	-
Transfers out	(311,400)	(377,055)	(313,472)	63,583
Total Other Financing Sources (Uses)	(304,510)	(370,165)	(306,582)	63,583
Net Change in Fund Balances	(284,900)	(302,033)	(333,987)	(31,954)
Fund Balances, October 1	2,306,790	2,306,790	2,306,790	
Fund Balances, September 30	$ 2,021,890	$ 2,004,757	$ 1,972,803	

City of Haslet, Texas

HASLET ECONOMIC DEVELOPMENT CORPORATION (TYPE A)

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 255,000	$ 346,390	$ 281,656	$ (64,734)
Interest	1,800	1,800	19,603	17,803
Total Revenues	256,800	348,190	301,259	(46,931)
Expenditures				
Current:				
Economic development	99,478	99,478	46,866	52,612
Total Expenditures	99,478	99,478	46,866	52,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	157,322	248,712	254,393	5,681
Other Financing Sources (Uses)				
Transfers out	(41,891)	(41,891)	(41,889)	2
Total Other Financing Sources (Uses)	(41,891)	(41,891)	(41,889)	2
Net Change in Fund Balances	115,431	206,821	212,503	$ 5,683
Fund Balances, October 1	2,665,460	2,665,460	2,665,460	
Fund Balances, September 30	$ 2,780,891	$ 2,872,281	$ 2,877,963	

CITY OF HASLET

SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	2017	2016	2015
Total pension liability			
Service Cost	$ 200,128	$ 152,689	$ 127,691
Interest (on the Total Pension Liability)	135,844	120,684	120,806
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(36,328)	(24,699)	(209,303)
Change of assumptions	-	44,306	-
Benefit payments, including refunds of employee contributions	(25,460)	(31,038)	(75,829)
Net Change in Total Pension Liability	274,184	261,942	(36,635)
Total Pension Liability - Beginning	1,925,177	1,663,235	1,699,870
Total Pension Liability - Ending (a)	$2,199,361	$1,925,177	$1,663,235
Plan Fiduciary Net Position			
Contributions - Employer	102,768	95,444	69,789
Contributions - Employee	88,051	69,090	58,157
Net Investment Income	128,549	2,606	92,819
Benefit payments, including refunds of employee contributions	(25,460)	(31,038)	(75,829)
Administrative Expense	(1,451)	(1,587)	(969)
Other	(78)	(78)	(80)
Net Change in Plan Fiduciary Net Position	292,379	134,437	143,887
Plan Fiduciary Net Position - Beginning	1,900,426	1,765,989	1,622,102
Plan Fiduciary Net Position - Ending (b)	$2,192,805	$1,900,426	$1,765,989
Net Pension Liability - Enging (a) - (b)	$ 6,556	$ 24,751	$ (102,754)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.70%	98.71%	106.18%
Covered Employee Payroll	1,257,874	987,000	830,821
Net Pension Liability as a Percentage of Covered Employee Payroll	0.52%	2.51%	-12.37%

Notes to Schedule:

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this shcedule over the next 10 year period.

CITY OF HASLET
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	$ 88,051	$ 105,969	$ 84,476	$ 66,427	$ 51,166	$ 60,849	$ 73,274	$ 74,878	$ 70,838	$ 67,365
Contributions in relation to the actuarially determined contribution	88,051	105,969	84,476	66,427	51,166	60,849	73,274	74,878	70,838	67,365
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,310,657	$ 1,243,086	$ 923,673	$ 823,297	$ 779,075	$ 754,789	$ 675,614	$ 680,893	$ 648,768	$ 567,944
Contributions as a percentage of covered employee payroll	6.72%	8.52%	9.15%	8.07%	6.57%	8.06%	10.85%	11.00%	10.92%	11.86%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes — Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market, market value recognition method, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investments expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes — There were no benefit changes during the year

SUPPLEMENTARY INFORMATION

Combining Statements and Individual Nonmajor Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Fund – to account for contributions used for park improvements.
- Municipal Court Building Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- Park Board Improvement Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for Library improvement.
- Street Maintenance Fund – to account for use of sales tax collections for street maintenance.

Debt Service Fund

- The 1999 Interest and Sinking Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- C. O. Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
		1999 Interest & Sinking	COs Capital Projects	
Assets				
Cash and investments	$ 410,166	$ 155,130	$ 576,462	$ 1,141,757
Receivables:				
Taxes	37,985	24,026	-	62,011
Total Assets	448,151	179,156	576,462	1,203,768
Liabilities				
Accounts payable	532	-	7,936	8,469
Total Liabilities	532	-	7,936	8,469
Deferred Inflows of Resources				
Deferred revenue	550	22,437	-	22,987
Total Deferred Inflows of Resources	550	22,437	-	22,987
Fund Balances				
Restricted	312,097	156,719	-	468,816
Committed	134,972	-	568,525	703,497
Total Fund Balances	447,069	156,719	568,525	1,172,313
Total Liabilities, Deferred Inflows, and Fund Balances	$ 448,151	$ 179,156	576,462	$ 1,203,768

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	Special Revenue Fund	Debt Service Fund: 1999 Interest & Sinking	Capital Projects Fund: COs Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Property tax, penalties, and interest	$ -	$ 396,126	$ -	$ 396,126
Sales tax	281,656	-	-	281,656
Park development	9,000	-	-	9,000
Fines	17,616	-	-	17,616
Contributions	3,700	-	-	3,700
Interest	1,547	3,306	3,996	8,849
Miscellaneous	33,385	-	45,470	78,855
Total Revenues	346,905	399,432	49,466	795,802
Expenditures				
Current:				
Parks	94,760	-	-	94,760
Court	10,011	-	-	10,011
Library	7,070	-	-	7,070
Streets	7,756	-	-	7,756
Capital outlay	-	-	-	-
Debt service				
Principal	-	286,000	-	286,000
Interest	-	96,219	-	96,219
Total Expenditures	119,598	382,219	-	501,817
Revenues Over Expenditures	227,307	17,212	49,466	293,985
Other Financing Sources (Uses)				
Transfers in	63,476	-	-	63,476
Transfers (out)	-	-	(35,989)	(35,989)
Total Other Financing (Uses)	63,476	-	(35,989)	27,487
Net Change in Fund Balances	290,783	17,212	13,477	321,472
Beginning fund balances	156,286	139,507	555,048	850,841
Ending Fund Balances	$ 447,069	$ 156,719	568,525	$ 1,172,313

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2017

	Park	Municipal Court Bldg. Security	Municipal Court Technology	Park Board Improvement
Assets				
Cash and investments	$ 40,175	$ 24,763	$ 13,040	$ 88,106
Receivables	-	-	-	-
Total Assets	40,175	24,763	13,040	88,106
Liabilities				
Accounts payable	390	-	-	-
Total Liabilities	390	-	-	-
Deferred Inflows of Resources				
Deferred revenue	550	-	-	-
Total Deferred Inflows of Resources	550	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	24,763	13,040	-
Committed	39,235	-	-	88,106
Total Fund Balances	39,235	24,763	13,040	88,106
Total Liabilities, Deferred Inflows, and Fund Balances	$ 40,175	$ 24,763	13,040	$ 88,106

Library Board	Library Grant	Street Maintenance Fund	Total
$ 7,251	$ 522	$ 236,309	$ 410,166
-	-	37,985	37,985
7,251	522	274,294	448,151
-	142	-	532
-	142	-	532
-	-	-	550
-	-	-	550
-	-	-	-
-	-	274,294	312,097
7,251	380	-	134,972
7,251	380	274,294	447,069
$ 7,251	$ 522	$ 274,294	448,151

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2017

	Park	Municipal Court Bldg. Security	Municipal Court Technology	Park Board Improvement
Revenues				
Park development fees	$ -	$ -	$ -	$ 9,000
Fines	-	7,552	10,064	-
Contributions	-	-	-	-
Interest	285	161	73	588
Sales tax	-	-	-	-
Miscellaneous	33,385	-	-	-
Total Revenues	33,670	7,713	10,137	9,588
Expenditures				
Current:				
Parks	94,760	-	-	-
Court	-	3,567	6,445	-
Library	-	-	-	-
Streets	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	94,760	3,567	6,445	-
Revenues Over Expenditures	(61,091)	4,146	3,692	9,588
Other Financing Sources (Uses)				
Transfers in	60,238	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing (Uses)	60,238	-	-	-
Net Change in Fund Balances	(853)	4,146	3,692	9,588
Beginning fund balances	40,088	20,617	9,348	78,518
Ending Fund Balances	$ 39,235	$ 24,763	13,040	$ 88,106

Library Board	Library Grant	Street Maintenance Fund	Total
$ -	$ -	$ -	$ 9,000
-	-	-	17,616
-	3,700	-	3,700
48	-	394	1,547
-	-	281,656	281,656
-	-	-	33,385
48	3,700	282,050	346,905
-	-	-	94,760
-	-	-	10,011
2,422	4,648		7,070
-	-	7,756	7,756
-	-	-	-
2,422	4,648	7,756	119,598
(2,374)	(948)	274,294	227,307
3,238	-	-	63,476
-	-	-	-
3,238	-	-	63,476
864	(948)	274,294	290,783
6,387	1,328	-	156,286
$ 7,251	$ 380	$ 274,294	$ 447,069